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UNITED NATIONS CONFERENCE
ON TRADE AND DEVELOPMENT

EDITORIAL

There is a growing awareness that many environmental problems are global in nature and that their solution will therefore require international action. Global warming is a case in point. Concern at the growth of greenhouse gases has led the General Assembly to convene a United Nations Conference on Environment and Development (UNCED) in June 1992. The prospects for placing the search for global warming control within a multilateral context have been further strengthened by the recent launching of negotiations on a framework convention on climate change.

The issue is, nevertheless, a complex one involving scientific, political and economic problems. For example, since carbon dioxide emissions are the most important single contribution to the greenhouse effect, it is likely that remedies will focus on reducing such emissions. Now the main source of these emissions is fossil fuel consumption, which is synonymous with economic development. Since the development prospects of most developing countries hinge on rapid industrialization, global warming concerns could, therefore, easily become an impediment to development. How to integrate developing countries into any international agreement on climate change thus becomes a key question.

A much-favoured approach is to seek a solution in the context of market-related arrangements, including the trading of carbon emission entitlements. If the allocation of such entitlements resulted in surpluses and deficits for developing and industrialized countries, respectively, market forces would generate a South-North exchange. This idea could form the basis of a carbon dioxide reduction agreement that rewarded efforts at limiting emissions while satisfying the key concerns of energy efficiency, equity and the needs of developing countries. Tradable entitlements could also be combined with more traditional devices such as taxes and quotas.

Research in this direction received a strong boost in 1989 by the Royal Institute of International Affairs which proposed a scheme based on tradable permits. A year later the Secretary-General of UNCTAD formally supported the idea of controlling carbon emissions through leasable permits. The encouraging response to this idea has since prompted the UNCTAD secretariat to undertake a study to determine the feasibility of an international system for trade in such permits with the aim of launching multilateral negotiations. The objectives would be to establish an internationally-acceptable mechanism for controlling the world-wide growth of carbon emissions; and to develop a market-based instrument for the transfer of resources to developing countries to enable them to make a credible contribution to global warming abatement efforts. This study should make a constructive contribution to the discussions on a framework convention on climate change and to the 1992 Conference on Environment and Development.

The United Nations Conference on Trade and Development (UNCTAD) was set up by the General Assembly in 1964 as one of its permanent organs, mandated to promote international trade, particularly that of developing countries, with a view to accelerating their economic development. UNCTAD has evolved into a universal forum with a development perspective, in which member States review the interdependence of economies and of issues in trade, money and finance. UNCTAD is composed of 166 member States, including the 159 members of the United Nations; many intergovernmental and non-governmental organizations have observer status. The Conference normally meets every four years at ministerial level to establish policy guidelines. Between sessions, work is carried out by the Trade and Development Board and its standing committees dealing with commodities, manufactures, tariff preferences, development finance and insurance, shipping, transfer of technology and economic co-operation among developing countries, and by other subsidiary bodies. The problems of the least developed countries and of Africa's economic recovery receive special attention in UNCTAD's work. The UNCTAD staff–part of the United Nations Secretariat–numbers about 400 and is headed by a Secretary-General, currently Mr. Kenneth K. S. Dadzie (Ghana).

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Michael C. Bonello, Editor.

INFORMATION TECHNOLOGY FOR AFRICAN TRANSPORT

The transport infrastructure which existed in many African countries at independence was designed primarily to facilitate the movement of raw materials from the hinterland to the main ports for export. Thereafter, attempts to develop systematic transport networks within countries and across national boundaries were hamstrung by a number of difficulties. Since the adoption at the end of the 1970s of the Global Strategy and Plan of Action for the Development of Transport and Communication in Africa, under the aegis of the United Nations Economic Commission for Africa, several international organizations have been actively engaged in helping to develop the transport sector in Africa. UNCTAD's contribution in this field is made by the Special Programme for Least Developed, Landlocked and Island Developing Countries and by the Shipping Division and is co-ordinated and monitored by the latter. This article, the eighth in the current series on technical co-operation, focuses on one aspect of UNCTAD activity in the transport sector, the Advance Cargo Information System (ACIS).

What is ACIS?

The premises for ACIS were laid in 1977 when UNCTAD was mandated, within the framework of a UNDP-financed project, to assist the countries of Southern Africa to rehabilitate the transport sector and to help reduce their heavy reliance on transit routes through the Republic of South Africa. The project was expanded in 1986 to include several new elements, among them a Cargo Tracking and Transit System. This was born out of the experience of an UNCTAD team of logistics experts who were attempting to speed up the flow of food aid during the drought of 1984-1985 in Sub-Saharan Africa. That experience eventually led to the creation by UNCTAD, with funds from the UNDP and USAID, of the Advance Cargo Information System. The different modules which make up the system have been completed but have not yet been installed in their entirety.

A network linking different economic operators

As its name implies, ACIS is designed to make available relevant information on any given cargo shipment in advance of its arrival at an intermediate or final destination. It aims at removing operational obstacles and at reducing transport costs by providing a data base which allows the integration of all modes of transport. It is, therefore, essentially a management tool which enhances the planning ability and operational efficiency of industry and government.

ACIS is intended to cover transport routes in Southern, West/Central and East/Central Africa. Its Railtracker module is fully operational on Malawi Railways, on the TAZARA (Tanzania-Zambia Railways) line, in Zaire and in Cameroun. Installation work is well advanced in Ghana and in Zambia, while the ports of Takoradi (Ghana), Mombasa (Kenya), Lobito (Angola) and Dakar (Senegal) are preparing to introduce the various ACIS port modules.

When fully operational, the system will be composed of an electronic network spanning the African continent through communications satellites, landlines, radio links, public communications systems and microcomputers. It will function through a series of data processing units situated along the major transport routes such as roads, railways, ports and air terminals and linking a wide range of economic operators. These include road hauliers; railway companies; shipping lines and agents; clearing and forwarding agencies; insurers, surveyors and banks; and port, customs and other government authorities.

Components of the System

ACIS should permit goods to be monitored from the moment they are loaded to the point of delivery. It will tell operators along the transport

READEX FICHE

chain exactly where their consignment was last reported and where it is going next. This will be made possible through a centrally-located Central Logistics Unit (CLU) in a country or region where the main computer receives data and/or monitors the flow of goods. Data concerning cargoes include the commodity code, type of packaging, weight and dimensions, last position known, container number and date loaded/shipped/discharged. Information relating to movements includes transportation mode, routing, next point en route, vessel and voyage number, wagon/lorry used, ports of loading and discharge and whether there has been any splitting and merging of consignments. The CLU will also collect booking and customer reference numbers, dates of arrival and departure, booking by clearing and forwarding agent, etc. The various CLUs will be interconnected to form the backbone of the ACIS system.

The other key components of the system will be the Relay Logistics Units (RLUs). Sometimes referred to as antennae, these are essentially microcomputers and/or terminals located in ports, transport terminals, railway stations, offices of major users and other central locations which can be accessed by importers/exporters who do not have their own facilities. The RLUs are input/output devices through which users communicate with the system and with each other and through which ACIS receives its information.

How ACIS Works

A typical example of ACIS in operation would be a combined transport door-to-door service for a consignment to be imported into Africa. The documentation process starts when the shipper makes a cargo booking and is allocated a booking reference number. When he loads the consignment into a container on his premises, he is issued with a combined transport bill of lading. The container is then transported by road/rail to the port of export and loaded aboard the vessel, at which time the bill of lading details are combined with other pertinent data to form the ship's manifest. This is then transmitted over the ACIS network–via satellite or public switch link–to the RLU in the African port of import indicated on the manifest.

The RLU will be able to provide manifest information to the shipping company's local agent or representative and routinely removes sensitive commercial details before passing on the operational aspects to the ACIS backbone system. The latter subsequently updates this information whenever an RLU inputs data, such as when the consignment is discharged, when and on what

ACIS keeps track of merchandise movements

vehicle it passes through the dock gate and so on. The backbone system will register the last reported position and will advise that the consignment is on its way. All access to this system will be controlled by security protocols which recognize the level of information to which each individual user is entitled.

ACIS will keep track of the container throughout its journey from the port of arrival–by road, rail and lake steamer, for example–to its final destination. The information is updated every time the container changes transport mode, and passes through a railway station, a national frontier or customs check. If the cargo forwarding agent has his own microcomputer unit, he can access such information directly. If not, he can obtain it by calling in at one of the ACIS "shop windows", a local microcomputer open to all registered ACIS members who are not directly connected to the system.

Advantages Real and Potential

As an electronic data interchange system, ACIS will have a clear edge over existing commercial practices in Africa which rely heavily on paper documentation. The experience of users in countries where it is operational suggests that ACIS avoids many of the weaknesses associated with paper documentation and helps to reduce delays in the movement of goods in and between African countries. Its role as a management tool for commercial users as well as for governments is equally important. Its potential in this regard may be gauged from the following example. In 1989 the railway authorities of Botswana, Zimbabwe, Zambia and Zaire paid US$40 million

in charges for the hire of rolling stock from the South African Transport System. It is estimated that as much as half of this expenditure could have been avoided if the ACIS Railtracker module had been in use in these countries. This would have permitted the railway authorities to make more use of their own rolling stock.

Looking ahead, it is possible to envisage that ACIS could promote regional co-operation in Africa through its demonstrative effect of the advantages of an integrated transport system. Moreover, should ACIS expand across Africa, it would enable African importers and exporters to trade directly with each other instead of depending on non-regional intermediaries as at present. Historically, one of the inhibiting factors in intra-Africa trade has been the uncompetitive prices of products traded.

Training and System Development

ACIS has been designed to be user-friendly and is simple to introduce and operate. All that a user requires is a compatible microcomputer and a reliable telephone link to the country's CLU. The necessary software, training, advice and system support are provided by UNCTAD. The training component of the ACIS package is itself computer-assisted. In countries where the system is functioning, local professionals have been associated with the project from the start and they, in turn, have introduced users to ACIS and also help to maintain the system.

While UNCTAD continues to manage ACIS, it is envisaged that its users will eventually own, operate and finance the system themselves. Before this phase can be reached, an appropriate institutional framework will have to be put in place. Such a framework could have a three-tier structure, viz. an ACIS National Entity (ANE) in each country made up of all interested private and public transport operators; three Sub-Regional Co-ordinating Committees (SRCCs) which would act as links between the sub-regional transport bodies and the ANEs of Member States, monitor the system in individual countries and prescribe basic operational guidelines to ensure uniformity; and a Co-ordinating Council, made up of the ANEs, the SRCCs and UNCTAD/UNDP, having support and guidance functions. A central objective of such an institutional framework would be to ensure that ACIS became a permanent feature of the transport system in Africa.

Further information on UNCTAD's technical co-operation activities may be obtained by writing to the Chief, Joint Technical Co-operation Unit, UNCTAD, Palais des Nations, 1211 Geneva 10, Switzerland.

UNCTAD AND ITC FORGE CLOSER LINKS

Closer links have been forged recently between UNCTAD and the UNCTAD/GATT International Trade Centre (ITC) in the form of a joint initiative to improve the gathering, analysis and dissemination of trade information, to support the export promotion and development efforts of developing countries. The new services which are expected to become available are described below, following a brief portrait of the ITC.

The ITC–A Profile

The International Trade Centre UNCTAD/GATT (ITC) was created by GATT in 1964. Since 1968 it has been jointly operated by GATT and the United Nations, the latter acting through UNCTAD. ITC is the focal point in the United Nations system for technical co-operation with developing countries in the field of trade promotion. As an executing agency of the United Nations Development Programme (UNDP), it is directly responsible for implementing UNDP-financed projects in developing countries related to trade promotion.

ITC works with developing countries to set up national programmes for expanding their exports and improving their import operations. It also provides market development services aimed at identifying new export opportunities. Special services to back up these export-marketing efforts include advice on institutional requirements for trade promotion, export packaging, quality control, export financing, costing and pricing, trade information, publicity and trade fairs, commercial representation abroad, international physical distribution, legal aspects of foreign trade, and joint marketing for small and medium-size firms. ITC also works with import management organizations to improve their operations and techniques. Training is organized by ITC on a broad range of export and import subjects. In addition to these main areas, ITC's programme deals with the special trade promotion needs of the least developed countries as well as of national chambers of commerce and other business organizations.

ITC technical co-operation projects, carried out at the national, sub-regional, regional and inter-regional levels, are undertaken at the request of governments. National projects often take the form of a broad-based integrated country project, which includes a package of services to expand exports and/or improve import operations. Some national projects cover only one type of activity, for example, the improvement of export quality

control or the export marketing of a specific product. Sub-regional, regional and interregional projects may also deal with either one or a combination of ITC services.

The New UNCTAD-ITC Agreement

The new co-operation agreement between UNCTAD and ITC covers two areas. First, the two organizations will work together in strengthening the infrastructures and resources of institutions and enterprises in developing countries for the collection, processing, storage, analysis, dissemination and effective utilization of trade information. They will also supply data and information to these institutions and enterprises on products/services, countries/markets and trade support functions.

This joint initiative was taken in the context of a UNDP-financed project which UNCTAD is executing in association with ITC. The project aims at establishing focal points in developing countries, facilitating access to relevant trade information and enabling them to better respond to the needs of individual exporters. Under this project, UNCTAD's Data Base on Trade Control Measures (TCMs) is being extended to include more detailed information on individual schemes adopted under the Generalized System of Preferences and also include foreign trade statistics.

The Trade Control Measures Information System (TCMIS) was created in 1988 primarily to maintain and further develop a data base on trade control measures (TCMs), based on existing sets of data for developed and developing countries. TCMs are measures which, either in practice or potentially, affect international trade flows by introducing different treatment for domestic and foreign production, whether because of the basic nature of the measure or because of the way in which it is applied. The following broad categories of measures are distinguished by TCMIS: tariffs, para-tariffs, quantity and price controls, monopolistic measures, automatic licensing procedures, monetary and financial measures and others. *(For more details on UNCTAD's Data Base on Trade Control Measures (TCMs) see UNCTAD Bulletin, September-October 1990, pp. 7-8).*

Under the new agreement, UNCTAD/ITC co-operation will include the following specific activities:

- A joint brochure, which will be periodically updated, will describe the specific trade information-related activities and services of UNCTAD and ITC.
- Whenever appropriate, technical co-operation projects/programmes executed by UNCTAD and ITC, or by governments in co-operation with them, will promote and draw on the experience of, and include information resources available from, both organizations on terms to be agreed upon on a case-by-case basis.
- The two organizations will keep each other informed of their respective policies of information supply to third parties.
- UNCTAD and ITC will inform third parties requesting information of each other's information resources.
- The direct supply of information from each other's information resources to third parties will be subject to prior consultation.
- For the purpose of satisfying internal needs, UNCTAD and ITC will provide access, upon request, to each other's information resources. In this context, UNCTAD's Automated System for Customs Data (ASYCUDA), for example, is expected to generate a considerable amount of information at the enterprise level which would be valuable for ITC's export promotion activities.
- UNCTAD and ITC will make every effort to harmonize the processing and storage of each other's information bases with the objective of facilitating access and permit the exchange of information. This includes the use of common classifications and codes, as well as of compatible software and hardware standards.

CONFERENCE UPDATE

With just six months left before UNCTAD VIII convenes in Cartagena de Indias, Colombia, both the UNCTAD secretariat and governments have stepped up their preparations. At the intergovernmental level, meetings of various country groupings have taken place and yet others are envisaged in the run up to the first part of the special session of the Trade and Development Board. At the time of writing, details of the Ministerial Preparatory Meeting of the Group of 77 had not been finalized. As for the regional group meetings, that of the Latin American Group will be held in Caracas, Venezuela, from 28 August-6 September, while that of the Asian Group will take place in Pyongyang, Democratic People's Republic of Korea, from 7-12 September. The African Group meeting will be held in Addis Ababa, Ethiopia, at a date yet to be fixed.

The special session of the Board was postponed from its original date in June and is now expected to convene in the autumn after the

regular session of the Board on a date to be fixed. The session would then reconvene from 2-11 December to conclude the preparatory phase of its work in view of the Conference. Within the secretariat, work was completed in June on the Report of the Secretary-General to the Conference.

Encounters Held on Commodities ...

The programme of pre-Conference informal encounters with development actors which was launched in February *(see UNCTAD Bulletin, March-April 1991, p. 12)* continued in May and June. Featuring topics directly or indirectly related to the Conference agenda, these encounters were designed to generate new ideas and perspectives which could be useful to governments and also to the UNCTAD secretariat in the preparation of the Analytical Report for the Conference.

The first encounter took the form of a Round Table on International Commodity Policies and was held in Moscow on board the "Serguei Esenin" from 20-24 May. It was organized by the UNCTAD secretariat in collaboration with the Ministry of External Economic Relations of the USSR and Interfirma, a joint venture between Soviet and Western European interests. Some 36 experts from government, industry and academic circles in commodity-producing and consuming countries as well as representatives of international commodity organizations discussed five issues, namely: (a) Is continued reliance on commodities as an engine of growth a viable option? (b) What will be the effects on commodities of increased consciousness of environmental and health considerations? (c) Can technology provide a solution to the problems of the commodity sector? (d) How can an enabling environment be created to stimulate the contribution of the commodity sector to development? and (e) How can the balance between world supply and demand for commodities be improved?

The following are some of the points which emerged from the discussion:

- There can be no general answer as to whether or not commodities could represent a viable engine for growth. The situation differs according to the extent of commodity dependence, the types of commodities relied upon and the size of the domestic economy.
- Countries which rely on a very limited number of commodities for their export earnings need to diversify. Diversification in the context of domestic markets alone is not a viable option for many countries, especially those with a small internal market. Diversification would therefore have to be export-oriented.
- Increased processing of commodities in developing countries is hindered not only by a lack of capital and technology but also by problems of access to markets, including tariffs and non-tariff barriers.
- Environmental concerns are a global issue which calls for burden-sharing and not burden-shifting; hence the need to share experiences and to learn from past mistakes through the involvement of all parties in finding balanced solutions.
- Environment and health concerns have been used to justify protectionist barriers for industry in developed countries. Conversely, trade barriers have been used to impose environmental measures. There is a need for more information on environmentally-related barriers, on the commodities affected and their influence on protection and processing.

It was recognized that several instruments exist for promoting a better balance between supply and demand. These include producer/consumer co-operation on specific commodities, for which co-operation among producers was seen as a prerequisite; international commodity agreements incorporating new objectives and which could play a major role in providing a forum for the exchange of information; and study groups, which allow for frequent and regular consultations between producers and consumers concerning the market situation and future prospects.

Participants also generally agreed that in the preparations for UNCTAD VIII governments should consider the need for defining an international commodity policy which would provide the framework for strengthened producer/consumer co-operation on individual commodities, taking into account the specific characteristics of each commodity.

A second encounter, on the promotion of co-operation among commodity-producing coun-

The participants at the Moscow encounter

tries, was convened in Abidjan on 6-7 June by the Government of the Côte d'Ivoire with UNCTAD technical support. Some 25 representatives of 12 countries producing coffee, cocoa, palm oil, natural rubber, cotton, fish and timber and of African producer associations took part.

Analysing the current market situation, participants focused on the major factors responsible for the depressed prices of many agricultural commodities. These include oversupply; large stocks held by consuming countries and traders; insufficient vertical diversification; and inadequate exchange of information particularly on investments and production among producers, which tends to work against the harmonization of production policies to avoid oversupply. The impact of environmental concerns on commodity markets was also examined.

Discussing how co-operation among producing countries might be revitalized, participants stressed the need for co-ordinated supply rationalization among the main producers of agricultural commodities. The issue is how to identify common interests on a commodity-by-commodity basis and on a cross-country basis so as to make such co-ordination compatible with national development priorities. The need for co-operation in the technological field, particularly in terms of exchanging experiences designed to lead to higher productivity, possibly with the help of the Second Account of the Common Fund for Commodities, was also emphasized. Co-operation among producing countries could also help in revitalizing international commodity agreements. The economic provisions of most such agreements have lapsed or been suspended.

On relations with consuming countries, the meeting emphasized the importance of producing countries having access to markets, particularly for commodities in processed form, and also to marketing channels often located in, and controlled by, consumers. A successful outcome to the Uruguay Round and the creation of joint ventures with marketing companies in consuming countries were seen as two ways of achieving this objective. Producer-consumer co-operation was also considered essential to accelerate the process of diversification in producing countries, both within and outside the commodity sector; and to increase foreign direct investment in the latter countries, and with it technology transfers.

The question of the impact of changes in Central and Eastern Europe on the market prospects for commodities was also analysed. It was felt that though there is a significant potential for additional commodity demand in Central and Eastern Europe, such demand is constrained by insufficient availability of foreign exchange. Foreign investment flows into these countries might, however, loosen this constraint and lead to a higher demand for commodities produced by developing countries.

...and with Trade Unions

This year's consultations with trade unions took place in the context of the preparatory process for UNCTAD VIII. On 8 June, 36 representatives of national and international trade union organizations, as well as of the International Labour Office (ILO), met with members of the UNCTAD secretariat for a briefing on the significance of the Conference and its agenda, and for a discussion on two trade-related issues.

The first topic was the Uruguay Round and its implications for developing countries. Reflecting a widespread perception that the development dimension had not so far received enough attention in the negotiations, many participants stressed that the incorporation of this dimension into the trading system should be an important objective. It was felt that the products of developing countries should receive non-discriminatory, differential and more favourable treatment and better access to the markets of developed countries. Concern was also expressed at the possible social consequences of the Round's outcome in new areas such as services and trade-related aspects of intellectual property rights and investment measures. Participants felt that trade unions could play a useful role in this context, through actions at the national level designed to influence the attitudes and policies of their respective governments.

The second topic concerned international trade and workers' rights, a subject which has been under discussion for some time both within GATT and the ILO. This topic was introduced by the representative of the International Confederation of Free Trade Unions. Various arguments were put forward for including a social clause in international trade agreements. It was held, for example, that such a clause would lead to trade liberalization and to fairer competition, and would also give rise to an improvement in the economic conditions of workers. The idea of creating a joint GATT/ILO committee to look into the matter of a social clause was also aired.

Some participants also expressed the fear that a social clause could become a tool for protection against developing country exports. Moreover, since various ILO conventions on labour standards had not been ratified by some developed countries, it was difficult to see how these standards could be included in the social clause of a trade agreement to which these countries were a party.

RECYCLING ALUMINIUM CANS: HOW THE SWEDES DO IT

Aluminium beverage cans account for a large and increasing proportion of aluminium consumption in many countries. These cans are steadily gaining market share from other containers such as glass and plastic bottles and steel cans. An important reason for this is that aluminium cans can be easily recycled, thus reducing production costs and the negative impact on the environment. Since economies of scale are important in the production of aluminium cans, they are more competitive in countries with relatively large, homogeneous markets for beer and soft drinks. Furthermore, since the production technology is relatively difficult to master, its use is limited to a small number of companies. Consequently, few developing countries as yet have their own can production facilities, although the use of aluminium cans is growing there as well.

Since the positive effect on production costs and on the environment only become significant if a large proportion of the cans are recycled, efforts have been made in many countries to raise the recycling rate through different means. The Swedish experience in this respect is interesting in view of the positive results achieved in a relatively short time.[1]

More Than Four Out of Five Cans Are Returned

The Swedish Parliament enacted legislation in 1982 under which at least 75 per cent of all aluminium cans were to be recycled by 1985. Some time later, a deposit was introduced on aluminium cans for beer and soft drinks. A company, Svenska Returpack AB, was made responsible for developing, co-ordinating and administering the collection and deposit system.

When the system was first introduced in 1984 the deposit was set at 25 öre per can, about 4 US cents, but the return rate which was achieved as a result, about 60 per cent, fell short of the target. In 1987, the deposit was therefore increased to 50 öre per can. The move proved successful: the return rate soon rose to 75 per cent and climbed further to 83.3 per cent in 1990. Encouraged by this experience, the Government passed a new law in June 1990 requiring Returpack to achieve a 90 per cent return rate by 1993.

Apart from the strong economic incentive provided by the deposit system–consumers are keen to get their money back–an important ingredient in the overall success of the venture is a smooth collection system. In Sweden, aluminium cans returned by consumers to retail outlets are collected either by means of reverse vending machines or manually in the case of the smaller shops. The breweries and soft drinks companies collect the cans and process them into flattened cans. Returpack is responsible for the next phase, i.e. transportation of the flattened cans to the smelting plant. The company pays a handling fee of 11 öre per can to the retailer and 6.6 öre to the brewery or soft drinks company.

The deposit system for aluminium cans also contributes to the "keep Sweden tidy" campaign. One Swedish öre per can is in fact set aside to finance anti-litter campaigns and other environmental projects. The 850 million or so cans which are sold every year in Sweden thus generate about US$1.3 million for environment protection.

Ingredients of Success

As suggested above, the high return rate achieved in Sweden is due to a combination of factors. Of these, ownership is most important. Returpack is owned by the producers of beer and soft drinks, the packaging company which makes the cans and the retailers. The economic aspect is also important. The main sources of revenue for Returpack are the deposit on cans which are not returned and the scrap obtained from other used beverage containers. On the other hand, the handling fees paid to retailers and to the breweries and soft drinks companies together with marketing expenses are the main cost items. The break-even point for the system occurs at a return rate of about 75 per cent. It is interesting to note that when the deposit system was introduced, the industry was afraid of losing market share, but experience has shown these fears to have been unfounded.

Support from the Government and the National Swedish Environment Protection Board has also been a very important factor, as has support by the environmentalist lobby. When the deposit system was introduced, the environmentalists opposed Returpack's plan. It was claimed, for example, that the melting of the cans involved excessive energy consumption. After the completion of several studies concerning energy demand, as well as the achievement of a high return rate, however, most environmentalists accepted the system.

Public support campaigns have also contributed to the system's success. Some US$0.8 million are spent annually by Returpack on

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[1] *This article draws on a paper presented by Mr. Rolf Andersson, President of Svenska Returpack AB, Sweden, to the Ad Hoc Review Meeting on Bauxite which was held in UNCTAD from 13-17 May 1991.*

advertising aimed at increasing consumers' environmental consciousness. The high deposit on cans has been a key factor. The Swedish experience shows that without cash incentives or penalty schemes, it is not possible to reach a return rate in excess of 40 per cent.

Recent studies have also shown that all the different packaging systems which will be used by the Swedish beer and soft drinks industry as from 1993 (aluminium cans, returnable glass bottles and returnable polyethylene bottles) will have similar energy consumption and environmental impact, when all steps from raw materials to waste processing and disposal are taken into account. It is expected that by then non-returnable beverage containers will have largely disappeared from the Swedish market.

Can the Swedish Experience Be Repeated?

Other countries face the same kind of concerns that led to the establishment of the Swedish system. In Europe, pressures are building up for the creation of recycling systems for containers with a high material value such as aluminium and polyethylene. Ideally, recycling should be standardized. In practice, however, different national interests and procedures for recycling already introduced, or in the process of introduction, have so far prevented such a common approach from materializing. It will be interesting to see how the EC handles this issue. Will it be open to recycling systems such as the Swedish one for aluminium cans or will there be a trend towards the protection of each country's beer and soft drinks industry by introducing special refillable packages?

As for developing countries, the prospects for recycling aluminium cans appear to be promising in those countries whose market is large enough to justify the construction of a can factory. Savings on distribution costs, and on the energy required for distribution, could be significant factors in many developing countries.

BANGLADESH AID NEEDS RISE AFTER CYCLONE

Preliminary estimates produced by the UNCTAD secretariat soon after the May cyclone suggested that additional aid to the tune of some 30 per cent above the current level of US$1.8 billion would be required if Bangladesh was to overcome the economic losses caused by the cyclone over three years. Without such an increase in aid and assuming that the recent 3.5 per cent annual growth rate of GDP were maintained, the time span necessary for recovery would be around six years.

Bangladesh's most recent predicament, which left at least 138,000 dead and many more homeless, evoked a wide-ranging response from the international community. Apart from the humanitarian assistance provided by several countries and relief agencies in the aftermath of the disaster, the annual meeting of the Bangladesh Aid Group under the chairmanship of the World Bank in May pledged US$2.3 billion for the fiscal year to July 1992 in support of measures designed to strengthen the Bangladesh economy. The increase in aid implied by this figure roughly corresponds to the level suggested by UNCTAD.

Growth Halted, Development Prospects Threatened

The cyclone not only put an end to the economic recovery which began in 1990 but also seriously threatened the near-term development prospects of Bangladesh. In spite of the country's many structural weaknesses, the economy achieved a remarkable upturn in 1990, as illustrated by the growth of 6.2 per cent in GDP and the 7.7 per cent increase in agricultural production. The industrial sector also registered significant growth. In particular, value added in manufacturing rose by 7.2 per cent. While this performance should be seen against the background of serious setbacks during the two previous years caused by recurrent floods, it resulted in part from new and strengthened economic policies. These include improved agricultural policies, trade liberalization, incentive schemes to promote domestic and foreign investment, measures to secure a better balance between the public and private sectors including privatization, and reforms in the financial sector. The budget deficit, meanwhile, was brought down to a more manageable level.

The performance of the external sector also improved considerably during 1990, as reflected in the contraction in the trade deficit to US$1.7 billion from US$2 billion in 1989, the outcome of strong export growth and a slower rise in imports. The former was largely due to increased overseas sales of "non-traditional items", particularly ready-made garments which recorded a 30 per cent increase. Other important items included leather goods and frozen foods, mainly shrimps.

Before the cyclone, it was expected that this favourable export trend would continue over the

next few years in view of higher orders for ready-made garments and expected increases in the prices of raw jute, jute products and tea. There are now no grounds for such optimism. Indeed, the cyclone, and the Gulf war which preceded it, have exposed the vulnerability of Bangladesh's external sector to unforeseen external events and to the vagaries of nature. On this latest occasion the hard-won gains from domestic policy improvements have been compromised by factors beyond the country's control.

As for the economic effects of the cyclone, the Government of Bangladesh has estimated the total loss at US$3 billion. Total preliminary requirements for relief and rehabilitation were put at $1.4 billion. Widespread damage to standing crops and the loss of a cropping season in the coastal area due to salinization, as well as the destruction of government and private food stocks, are expected to lead to considerable additional food imports. Damages wrought to buildings and houses, physical infrastructure, industrial plants, the port of Chittagong and its airport, and loss of boats, ships and vessels would also entail significant import needs. A major loss on the export side is the virtual disappearance of the shrimp hatcheries. The export processing zone in Chittagong was badly damaged, and most of the plants were rendered inoperative. This included extensive damage to textile factories, with the likelihood that a good part of the ready-made garment production capacity has been lost. In addition, damage to the Chittagong port alone could cost an estimated $125 million in overseas garments sales. Apart from the destruction of existing manufacturing capacity, the cyclone may also impact unfavourably on future investment in the area by entrepreneurs, including foreign investors.

Distribution of relief supplies (Photo D. Mc Clean)

Another important source of foreign exchange for Bangladesh is private unrequited transfers, mostly remittances by nationals abroad. Official figures show a steady increase in such remittances in recent years, reaching a peak level of US$771 million in 1989. In this respect Bangladesh has suffered from another major setback beyond its control, the events in the Gulf. The latter have resulted in a Government-estimated loss of US$1.5 billion. This figure includes the loss of workers' remittances and belongings, their savings and salaries, export earnings foregone, and the cost of repatriation and initial rehabilitation of nationals previously employed in the Gulf region. It is feared, moreover, that the aid inflow from the countries of this region may also decrease.

More Assistance Needed

Seen against this background the international aid effort referred to above would have to be maintained at least over the medium term in order to permit a speedy economic recovery. It is pertinent to observe in this context that even if the 30 per cent increase in the level of aid commitments agreed by donor countries is maintained for the next three years, it will not be sufficient to raise per capita GDP by the end of that period to the level which prevailed before the cyclone.

Apart from increases in the quantity and in the quality of external aid–upon which Bangladesh relies heavily to finance its development–action in other areas would also, therefore, be required if the country's long-term prospects are to improve. In particular, the likelihood of heavy shortfalls in export earnings has added urgency to the need for a substantial alleviation of Bangladesh's debt burden, especially the non-concessional part of it. In 1990, debt-service payments, at US$0.5 billion, were equivalent to one quarter of the earnings from exports of goods and services. Resources provided through debt relief, however, should be truly additional to aid allocations and the grant element of aid would need to be significantly increased if the debt-servicing burden is to be reduced.

Actions on the aid and debt fronts should be complemented by effective steps to enable Bangladesh to promote and diversify its export trade. There is an urgent need for the withdrawal or significant dismantling of trade barriers to some important export items, such as ready-made garments which are produced almost wholly in the private sector and which have all the promise of a transformational industry. In 1990 exports of garments accounted for 40 per

cent of total export earnings. Supportive actions, particularly by the governments of the home countries of foreign investors, could help maintain or restore investors' confidence.

Bangladesh also needs specific help to combat natural disasters. The latter, which unfortunately seem to occur on a regular basis, not only negate the gains from domestic efforts, but also offset donors' contributions to development. The challenge of effective and durable disaster mitigation, preparedness and prevention cannot be met by the efforts of Bangladesh alone. It is noteworthy in this respect that in the United Nations Programme of Action for the LDCs for the 1990s adopted last year in Paris, the international community pledged to support the implementation of the programme of flood control. The Programme of Action adds that the Action Plan on floods, prepared by the World Bank and adopted at a conference in London in 1989, should be fully implemented and that adequate external resources should be made available for the purpose.

Joint Effort Can Ensure Recovery

Bangladesh's low per capita levels of income and consumption, its narrow resource base and undiversified production structure, its high population density and growth, its undeveloped infrastructure and overwhelming dependence on external resources for financing development, and its vulnerability to natural disasters all suggest that its prospects for graduating out from the list of least developed countries depend crucially on sustained and complementary efforts by the country itself and by its development partners.

In this respect, the development problematique of Bangladesh puts to test the Programme of Action for the LDCs for the 1990s referred to above. The Programme aims to reverse the continued socio-economic deterioration of these countries and put them on the path to sustained growth and development. Strengthened partnership, which is the principal basis of the Programme, requires these countries to formulate appropriate national policies and measures for development, for which their development partners pledged adequate external support. The UNCTAD secretariat has been made the focal point for monitoring and following up the implementation of the Programme. Accordingly, an important priority for UNCTAD will be to continuously review the joint efforts of the 42 least developed countries, including Bangladesh, and their development partners in translating into action the respective commitments undertaken in Paris.

REVIEWS

STRUCTURAL CHANGES IN THE WORLD ECONOMY AND DEVELOPMENT CO-OPERATION

Saburo Okita, editor
Sasakawa Peace Foundation, Tokyo, Japan, 1990, 105pp.

This book consists of the summary of the proceedings and papers relating to the Development Policy Forum held in October 1988 in Tokyo, Japan, and sponsored by the Sasakawa Peace Foundation, the International Development Centre of Japan and the Association for Promotion of International Cooperation. The discussions focused on three major themes namely: *Structural changes in the world economy and new policy issues in developing countries; Development assistance focusing on structural adjustment; and Japan's development assistance: present situation and prospects.* Speakers included Mr. K. K. S. Dadzie, Secretary-General of UNCTAD; Dr. W. David Hopper, a World Bank Vice President; Dr. Lal Jayawardena of the World Institute for Development Economic Research (WIDER); Mr. Joseph C. Wheeler, Chairman of the Development Assistance Committee, OECD; and Mr. Toshio Watanabe, Professor at the Tokyo Institute of Technology.

EUROPE AND THIRD WORLD DEBT REDUCTION–THE ROLE OF THE NETHERLANDS

Jan Joost Teunissen, editor
FONDAD Policy Research Centre
The Hague, The Netherlands, 1991, 58pp., US$5.00

This publication is the outcome of a seminar held in May 1990 in the Hague and organized in collaboration with the Interchurch Action for Latin America 'Solidaridad' and the Catholic Organisation for Joint Financing of Development Programmes (Cebemo). It contains the presentations given by the five speakers, viz. Mr. Jan P. Pronk, Mr. H. Johannes Witteveen, Mr. Percy S. Mistry, Ms. Stephany Griffith-Jones and Mr. Javier Iguiniz. Pronk expresses grave concern about the "political inertia" that has prevented a solution to the debt problem. Witteveen argues that current debt reductions under the so-called Brady Plan are not sufficient

to restore growth and the creditworthiness of developing countries. Mistry raises critical questions such as the outcome of eight years of debt crisis management and discusses the escalating burden of official debt. Iguiniz states that the apparent unsustainability of current development models promoted by the IMF and the World Bank suggests that development strategies need to be seriously evaluated and rethought. Finally, Griffith-Jones suggests that if developing countries cannot obtain adequate levels of debt reduction, international financial institutions should accept that the debtor unilaterally imposes a maximum level of debt service, jointly defined by these institutions and the debtor government.

This book is available from FONDAD Policy Research Centre, Noordeinde 107a, 2514 GE The Hague, The Netherlands

FINANCIAL LIBERALIZATION IN NEW ZEALAND, 1984-1990
Simon Chapple
UNCTAD Discussion Paper–No. 35, March 1991

This *Discussion Paper* examines the reasons underlying the financial liberalization recently undertaken in New Zealand, institutional changes in the financial system and the effects of liberalization on financial activity and on the efficiency of financial intermediation. The author also discusses various hypotheses regarding the effects of interest rates and financial policies on sectoral and aggregate savings. Special attention is given to the role of financial liberalization in the stockmarket boom and the subsequent crash of 1987. The *Paper* draws a number of conclusions that could be useful for developing countries. It warns against the notion that financial liberalization is a cure for many economic problems at low cost, pointing out that its success requires new institutions and attitudes. Liberalization, moreover, does not necessarily entail increased competition; its effects on savings-investment behaviour are far more complex than suggested by orthodox theory; and it can create serious financial bubbles and increase macro-economic instability.

FINANCIAL LIBERALIZATION IN DEVELOPING COUNTRIES: A NEO-KEYNESIAN APPROACH
Yilmaz Akyuz
UNCTAD Discussion Paper–No. 36, March 1991

This *Discussion Paper* challenges the hypothesis underlying financial reforms in many developing countries that higher real rates of return on domestic financial assets encourage both savings and capital accumulation. It analyses the implications of debtor-creditor relationships among various categories of savers for the effects of changes in interest rates on savings and investment, and points out that the orthodox theory of liberalization fails to take proper account of these relationships. The author develops a formal model of interest rates, sectoral incomes and savings, and shows that higher interest rates can reduce aggregate savings and investment by redistributing income from high savers to low savers while leading to an increase in financial savings. The *Paper* also provides evidence from Turkey showing that this redistribution effect may be quite important.

NOTES

TRAINING SEMINAR ON COMMODITY MARKETING STRATEGIES
Marketing strategies for coffee, cotton and cocoa was the theme of the first seminar under UNCTAD's TRAINFORTRADE technical co-operation programme which was held in Sophia Antipolis, France, from 27 May-1 June. Some 15 trainees from commodity-producing African countries took part in the seminar during which they received practical, computer-assisted training in the use of futures markets and options as well as of financial instruments in order to minimize risks associated with interest and exchange rates. The seminar also included a round table to which professional commodity dealers were invited.

The training materials used in the seminar were developed by UNCTAD in co-operation with the Ecole Supérieure de Commerce de Nice and the International Finance and Commodities Institute (IFCI) of Geneva as part of a project financed by the Government of France. The computer-based teaching material was developed by IFCI partly with financial assistance from the Government of Switzerland.

STUDY TOUR ON TECHNOLOGY TRANSFER AND MANAGEMENT
Senior officials from Bhutan, Fiji, Maldives, Myanmar, Nepal and Samoa participated in a study tour organized by UNCTAD's Advisory Service on Transfer of Technology from 14-22 May. The study tour enabled participants to benefit from the experience of the countries

visited–Thailand, Malaysia and India–in the selection and acquisition of technology, in the formulation and implementation of national technology policies and in the setting-up of institutional arrangements for technology transfer. It was part of an UNCTAD project designed to help least developed and island developing countries improve the selection and acquisition of foreign technology.

VALIDITY OF CODE OF CONDUCT FOR LINER CONFERENCES REAFFIRMED

The first Review Conference on the United Nations Convention on a Code of Conduct for Liner Conferences adopted a resolution on 7 June which reaffirms the validity of the Code and includes six guidelines on aspects of its implementation. Three of the guidelines relate to the key provision of the Code in terms of which national shipping lines of an exporting and importing country shall have equal rights to participate in the freight and volume of their mutual foreign trade and carried by liner conferences, while third-country shipping lines have the right to acquire up to 20 per cent. The others state that governments may seek consultations with one another over issues of concern arising from the implementation of the Code and take measures to ensure the implementation of the Convention; and that a group of national shippers or shippers' organizations from more than one country may participate in consultations on behalf of national shipper interests.

The resolution calls upon all parties, including the governmental authorities at the two ends of the trade to which the Code applies, to hold consultations in order to find mutually acceptable solutions to problems relating to the implementation of the Convention. Countries which have not yet acceded to or ratified the Code are invited to do so.

SYMPOSIUM ON TRANSIT TRAFFIC IN EAST-CENTRAL AFRICA

About a hundred representatives from the private and public sectors of five African countries as well as from international organizations took part in a symposium on transit traffic in East-Central Africa which was held in Mombasa, Kenya, from 20-22 June. It was organized by the UNCTAD secretariat in collaboration with the Northern Corridor Transit Authority, which was established under the Transit Transport Agreement signed in 1985 between the Governments of Burundi, Kenya, Rwanda, Uganda and Zaire. The symposium was held within the framework of an ongoing transit project for that area initiated in 1988 and funded by the United Nations Development Programme (UNDP).

The agenda covered a broad spectrum of issues, ranging from an assessment of the physical facilities to the legal, commercial, administrative and institutional arrangements for transit traffic operations. The deliberations provided concrete guidelines for future traffic policies in the sub-region, including ways of promoting more effective co-operative arrangements between landlocked countries and their transit neighbours.

NEW RULES FOR MULTIMODAL TRANSPORT DOCUMENTS

Under the joint auspices of the International Chamber of Commerce (ICC) and UNCTAD, freight fowarders, shippers and ocean carriers representing the transport industry have elaborated new Rules for multimodal transport documents, to be known as the UNCTAD/ICC Rules on Multimodal Transport Documents. They will gradually replace the 1975 ICC Rules for Combined Transport Documents which had become inadequate as a result of recent developments in cargo transport. The new Rules, which will only apply if a specific clause to that effect is included in the contract of carriage, deal mainly with the conditions of carriage and with the respective liability of the parties to the contract. Apart from representing a major step forward for multimodal transport in general and for co-operation between the intergovernmental and private sectors in particular, the new Rules are an example of the increasingly close relationship UNCTAD has with the transport industry.

NEW BULLETIN OF TIN STATISTICS

UNCTAD's first *Bulletin of International Tin Statistics* was published in July. Current statistical information on the international market for tin and related products had ceased to be available in August 1990 when a trust fund established to finance the publication of such information encountered financial difficulties. In order to fill the resulting information gap, tin producing and consuming countries decided late last year to entrust the publication of a quarterly statistical bulletin to the UNCTAD secretariat.

The new *Bulletin* covers production, trade, consumption and stocks of tin concentrates, tin metal and tinplate as well as daily tin prices in the major world markets. The first issue reports that tin prices fell by 40 per cent in 1990, in spite of production cuts which reduced supply by over 4 per cent and a slight increase in demand. Low

price levels, which continued into the first part of this year, have led to the closure of several unprofitable mines and to further production cuts. With prices now at levels which make them once more attractive to end-users, however, the UNCTAD secretariat foresees some improvement in the market situation. Developing countries account for more than 65 per cent of world tin production.

GENEVA GRADUATE STUDY PROGRAMME, 1991

Each year the Information Service of the United Nations Office at Geneva organizes the United Nations Graduate Study Programme which provides an opportunity for young postgraduates from all over the world to deepen their understanding of the principles, purposes and activities of the United Nations and its related agencies. In addition to general political, economic and social themes, a specific current topical subject is taken up each year (population, environment, desertification, energy, development, etc.). In the course of the past decade a growing number of candidates have applied to participate in this Programme, doubling to 303 in 1990. Although the number of candidates finally selected has increased from 67 in 1980 to 112 in 1990, it has not grown in proportion to the number of applicants and has tended to level off at around 110 participants. The Programme includes lectures by senior staff members of the United Nations and other related agencies as well as working group sessions.

The 29th Graduate Study Programme was held at the Palais des Nations from 8-25 July 1991. This year's theme was "United Nations: International response to global issues". It was attended by 107 students from 60 different countries. As in previous years, UNCTAD participated in this year's Programme. Mr. Y. Berthelot, Deputy Secretary-General of UNCTAD, lectured on "The multilateral dialogue in UNCTAD". A number of UNCTAD staff members also addressed the participants on a wide range of issues related to development.

PUBLICATIONS

- Report of the Working Party on the Medium-term Plan and the Programme Budget on its twentieth session (TD/B/1295–TD/B/WP/73)
- Report on the Proceedings of the Round Table on international commodity policies (UNCTAD VIII/3)
- Report of the Ad Hoc Review Meeting on Bauxite (TD/B/1296–TD/B/C.1/318–TD/B/C.1/RM/BAUXITE/4)
- Discussion of issues for improved producer-consumer cooperation and follow-up action: Dialogue with consumers: Issues for discussion by bauxite producing and consuming countries (TD/B/C.1/RM/BAUXITE/5)
- Discussion of issues for improved producer-consumer cooperation: An introduction to the London Metal Exchange, by Martin Abbott (TD/B/C.1/RM/BAUXITE/Misc.10)

Sales Publication

- Handbook of international trade and development statistics 1990 (Sales No. E/F.91.II.D.1; US$78)

Reprint Series

- Cambios Estructurales y Nueva Dinámica del Comercio Mundial, by Manuel R. Agosin (UNCTAD/OSG/RS/70) (Spanish only)
- Rouble Convertibility and the Soviet Economic Reform: An Interdependent Paradigm, by Rouben Indjikian (UNCTAD/OSG/RS/71)

UNCTAD documents are available for reference at all United Nations Information Centres and at depository libraries for United Nations publications. The yearly subscription for all mimeographed UNCTAD documents is US$250 including postage. Requests for such subscriptions as well as orders for individual sales publications should be addressed to United Nations Sales Section, Palais des Nations, 1211 Geneva 10, Switzerland.

FORTHCOMING UNCTAD MEETINGS

- ***September***
  23-4 October
  Trade and Development Board
  (Geneva, thirty eighth session, first part)

- ***October***
  21-23
  Intergovernmental Group of Experts on Iron Ore
  (Geneva, fifth session)

  21-25
  Intergovernmental Group of Experts on Restrictive Business Practices
  (Geneva, tenth session)

- ***November***
  11-19
  Working Group on International Shipping Legislation
  (Geneva, thirteenth session)

  Trade and Development Board
  (Geneva, seventeenth special session, first part)
  (date to be decided)

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